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INFORMATION REPORT

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C SUPPLEMENT TO
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Auth:

Shortage of Ball Bearings

conversation with [redacted] head of the Electrical Industry Section
USIA, learned that [redacted] controlled electrical firms were facing an
ute shortage of ball bearings. During the first week in August 1948,

[redacted] the Soviets were making every effort to acquire ball bearings necessary to continue producing electric motors. The agent remarked that, unless the required ball bearings could be procured in sufficient quantity, it was not unlikely that USIA-controlled electrical firms would have to suspend motor production. He added that, at that time, the Soviets were able to acquire all bearings only on the black market and through other devious means, [redacted] that they had not succeeded in concluding a successful arrangement

Vienna XX, Engerthstrasse plant of Siemens-Schuckert A.G., 2000 additional motors to Siemens Schuckert G.m.b.H., Vienna I, Nibelungengasse, to be sold to the Austrian economy under the same terms as reported in SO-16443 paragraph 2, provided the Siemens G.m.b.H. directors intercede with the Austrian Government for an allotment of 65,000 ball bearings for USIA. Source states that this number of bearings would keep the Engerthstrasse plant and the Soviet-controlled AEG plant in Vienna XXI in motor production for an estimated six months. By the same token, strict control of ball bearing distribution by the Austrian Government might be used as a lever to extract certain concessions from the Soviets and USIA, regarding increased allotments of USIA production to the Austrian economy at prices in keeping with those on the legal market.

Comment: Martin Mitterbacher, long the chief USIA agent for disposal of Soviet scrap to the West, has recently, [redacted]

snipped three carloads of ball bearings to Switzerland. [redacted] confirms the Soviets lively interest in ball bearings.)

[illegible]

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Situation in the Wiener Kabelwerk

3. On 4 August 1948, Engineer Erich Frisch, Austrian director of the USIA-controlled Wiener Kabelwerk, appeared at the office of Siemens-Schuckert G.m.b.H in Vienna I and attempted to sell this concern large quantities of aluminum and lead covered cable, insulated wire, and enamelled wire. He stated that the cable factory was having severe marketing difficulties, since other USIA factories were no longer placing orders of any considerable size, and foreign markets seemed to have fallen away. In this connection he mentioned that deliveries to Yugoslavia had stopped completely, and those to Czechoslovakia had fallen off sharply. Frisch remarked further that not only had the Soviets virtually ceased to buy the output of the cable factory, but he also implied that further production was being strongly handicapped as a result of cessation of copper deliveries from Yugoslavia. 25X1A
- Comment: 25X1X since Frisch indicated his visit to Siemens G.m.b.H. had the blessing of the Soviet director, Asinev, it would appear that the cable factory is using every possible means to maintain financial solvency through the sale of accumulated goods.

Austrian Electrical Goods Dealers as Soviet Industrial Espionage Agents

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- the following firms are engaged in gathering industrial information for the Soviets: Hitzinger & Co., Linz; Hansalik Kom. Ges., Vienna IX, Bregenz 20; Pircher, Bregenz, Vorarlberg. Furthermore, all these firms are said, to receive their merchandise from USIA at prices below those charged other dealers. Another firm which is said to enjoy especially good commercial relations with USIA is H. Pittner & Co., Vienna I, Zedlitzgasse 5. Since these firms have repeatedly sold their electric motors at prices above the Austrian ceiling, both the Siemens-Schuckert G.m.b.H. and the Trade Union have made representations to the 25X1X

Stricter local controls are being imposed.
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5X
Sharikov, head of the Electrical Industry Section of USIA, has been making frequent personal inspection tours of the principal USIA-controlled electrical plants. He is allegedly dissatisfied with the laxity of managerial control in the factories and is attempting to put an end to private sales of products by Soviet officials in the factories. In the case of the USIA-controlled AEG factory in Vienna XXI, Sharikov has decreed that all motors, immediately upon completion, shall be transferred to a central warehouse in Inzersdorf. Admittance to this warehouse is permitted only with individual passes signed by Sharikov.

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G.m.b.H., that he could arrange to grant a credit of two million schillings to Siemens G.m.b.H., provided the money was used for purchase of USIA electrical goods. This offer was parried at the time, pending discovery of USIA's motives in making such an offer, and also in order to avoid incurring any obligation to USIA. On 1 September 1948, the Electrical Industry Section of USIA informed Siemens G.m.b.H. that inquiries into their credit rating had proved so favorable that USIA had opened an account for the Austrian company. Contrary to usual USIA practice, Siemens G.m.b.H. is no longer required to pay for purchases of USIA-produced goods in advance, but has a period of 30 days in which to meet obligations. It was indicated that the company will take advantage of this offer when purchases can be made for favorable prices.

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Changes in Management of USIA-controlled factories
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7.

[REDACTED] the Soviet director, Gorbunov, will shortly be replaced by the present director of the USIA-controlled [REDACTED]

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Comment: Previously reported [REDACTED] control officer at the Siemens-Schuckertwerke, Berlin, [REDACTED] ungenasse. He is said to be firmly opposed to Friedrich Tupy, Austrian director of the Engerthstrasse plant of Siemens A.G., whose influence with the USIA directors has already been reported shaken because of his failure to expedite the disposal of the accumulated electric motor production of USIA factories. [REDACTED]

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8.

Both Tupy and Director Frisch of the cable factory are reported to have been denied further access to the cable factory, because of alleged attempts to dispose of cable production without the knowledge of the Soviets. There is considerable talk concerning Tupy's disfavor with the Soviets and speculation on how long he will be retained as director of the Engerthstrasse plant.

9.

Slavinsky, director of the Siemensstrasse plant of Siemens A.G., was removed from his post early in August 1948 and returned to the USSR.

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